

Message Text

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INFO OCT-01 CCO-00 RSC-01 SS-20 SSO-00 ISO-00 L-03 PRS-01

SAM-01 PA-04 USIE-00 FCSC-01 SP-03 EB-11 NSC-07

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S/S - MR. LUERS

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TO AMEMBASSY ROME IMMEDIATE

C O N F I D E N T I A L STATE 145247

TOSEC 336

E.O. 11652: GDS

TAGS: PFOR, EGIN, L/C, CZ, US

SUBJECT: FINANCIAL AGREEMENT WITH CZECHOSLOVAKIA

FOR SONNENFELDT AND HARTMAN

FINANCIAL AGREEMENT INITIALLED IN PRAGUE JULY 5 12:30

LOCAL TIME. FOLLOWING IS PRESS GUIDANCE PREPARED FOR USE

ON "IF ASKED" BASIS.

BEGIN TEXT:

Q. WHAT CAN YOU TELL US ABOUT THE CLAIMS AGREEMENT WHICH
WAS INITIALLED IN PRAGUE THIS MORNING?

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A. A PRELIMINARY AGREEMENT ON VARIOUS FINANCIAL ISSUES

WAS INITIALED IN PRAGUE BY OUR AMBASSADOR (CHARGE) AND A REPRESENTATIVE OF THE CZECHOSLOVAK FOREIGN MINISTRY. THIS PRELIMINARY AGREEMENT, WHICH WAS UNDER NEGOTIATION SINCE SEPTEMBER 1973, IS AD REFERENDUM, THAT IS, SUBJECT TO THE REVIEW AND FINAL APPROVAL OF THE TWO GOVERNMENTS. UNTIL A FINAL CONCLUSION IS REACHED, I CANNOT GO INTO THE SPECIFIC TERMS OF THE AGREEMENT. BASICALLY, THE AGREEMENT INVOLVES CLAIMS BY U.S. CITIZENS FOR PROPERTY WHICH WAS NATIONALIZED OR OTHERWISE TAKEN BY THE CZECHOSLOVAK GOVERNMENT. IT ALSO INVOLVES PAYMENT OF A CZECHOSLOVAK GOVERNMENT DEBT

WHICH WAS INCURRED FOR THE PURCHASE OF SURPLUS U.S. GOVERNMENT PROPERTY AFTER WORLD WAR II. A THIRD ELEMENT IS THE REMOVAL OF OUR OBJECTION TO THE RELEASE TO CZECHOSLOVAKIA OF GOLD WHICH WAS TAKEN BY THE GERMANS DURING THE WAR AND WHICH IS NOW HELD BY THE TRIPARTITE (US-UK-FRENCH) GOLD COMMISSION.

Q. WHAT IS THE AMOUNT OF THE CLAIM?

A. THE U.S. FOREIGN CLAIMS SETTLEMENT COMMISSION AWARDED CLAIMS IN THE AMOUNT OF DOLS. 72.6 MILLION.

Q. HOW MUCH WILL THE CLAIMANTS RECEIVE UNDER THIS AGREEMENT?

A. SINCE A FINAL AGREEMENT HAS NOT BEEN SIGNED, I'M UNABLE TO GO INTO THE TERMS OF THE SETTLEMENT.

Q. WHAT DOES THE SURPLUS PROPERTY DEBT AMOUNT TO?

A. THE PRINCIPAL AND INTEREST ON THIS DEBT TOTAL SOMEWHAT OVER DOLS. 7 MILLION.

Q. HOW MUCH GOLD WILL THE CZECHS GET FROM THIS SETTLEMENT?

A. THE GOLD BEING HELD BY THE TRIPARTITE GOLD COMMISSION TOTALS 18.4 METRIC TONS.

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Q. HOW MUCH IS THIS WORTH?

A.. AT THE CURRENT MARKET PRICE, ABOUT DOLS. 80 MILLION.

Q. WASN'T A CLAIMS AGREEMENT WITH CZECHOSLOVAKIA INITIALED SOME YEARS AGO?

A. WE INITIALED A CLAIMS AGREEMENT WITH THE CZECHOSLOVAK

GOVERNMENT IN 1964, BUT AFTER RECONSIDERATION OF ITS TERMS, DECIDED NOT TO GIVE IT FINAL APPROVAL.

Q. WHEN WILL THIS AGREEMENT BE SIGNED, AND WHO DO YOU THINK WILL SIGN IT FOR OUR SIDE?

A. WE WOULD HOPE THAT EACH SIDE WILL CARRY OUT ITS REVIEW OF THE SETTLEMENT EXPEDITIOUSLY. WE HAVE NOT MADE ANY DECISIONS ON WHO WILL SIGN THE AGREEMENT.

Q. IN THEIR ANNOUNCEMENT ON THE INITIALLING, THE CZECHS EXPRESSED A HOPE WE WOULD HAVE BETTER ECONOMIC, CULTURAL,

AND SCIENTIFIC RELATIONS. DO YOU THINK SUCH IMPROVEMENTS WILL BE A DIRECT RESULT OF THE FINANCIAL AGREEMENT?

A. WHEN IT IS SIGNED, THE FINANCIAL AGREEMENT WILL REMOVE A LONG-STANDING PROBLEM IN OUR BILATERAL RELATIONS. WE, OF COURSE, WOULD HOPE THAT IT WILL CONTRIBUTE TO A NORMALIZATION OF OUR RELATIONS WITH CZECHOSLOVAKIA IN OTHER FIELDS AS WELL. SISCO

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